

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD
X-9383

December 3, 1935.

SUBJECT: Proposed Revision of Regulation R
Relating to Interlocking Relation-
ships under Section 32 of the Bank-
ing Act of 1933.

Dear Sir:

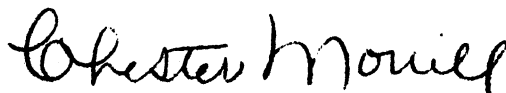
There are inclosed six copies of a tentative draft (L-380) of a revision of Regulation R relating to interlocking relationships under section 32 of the Banking Act of 1933. It will be appreciated if you and the officers and counsel of your bank will study this draft and forward your comments and suggestions thereon to the Board at the earliest practicable date, not later than fifteen days from the date of this letter.

Your attention is invited to Section 2 of the proposed draft, in which permission would be granted by the Board covering interlocking relationships between member banks and dealers confining their activities to certain types of securities. The section as drafted does not refer to general obligations of States or of political subdivisions thereof, and your comments are particularly requested with respect to the question whether such obligations should be included.

Your attention is also invited to the fact that the inclosed draft of regulation would not except from the prohibitions of the statute a special partner who has no voice in the management or control of the business of the partnership and whose liability is limited to the amount of his contribution to the partnership. As you know, the Board decided that the word "manager", which was contained in section 32 as originally enacted, did not include such a special partner, and the present Regulation R so states. However, since the section as amended by the Banking Act of 1935 is applicable to a "partner", it will apparently be applicable to a special partner unless the Board should grant its permission in such cases; and your comments with respect to the desirability of granting permission in such cases are also requested.

The tentative draft of regulation has been prepared by the Board's staff but has not been considered by the Board and, in order to expedite the matter and with the permission of the Board, is being sent to you at the same time that it is being submitted to the members of the Board for consideration.

Very truly yours,



Chester Morrill,
Secretary.

Inclosures.

TO ALL FEDERAL RESERVE AGENTS